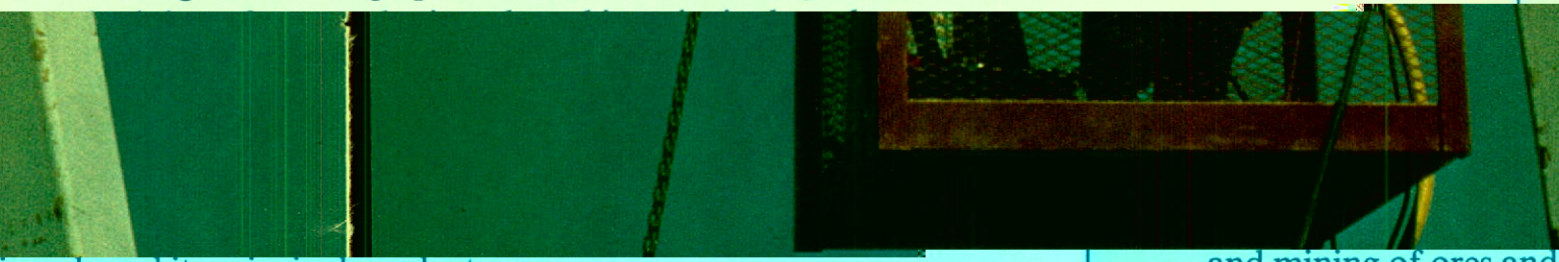
o principal lines

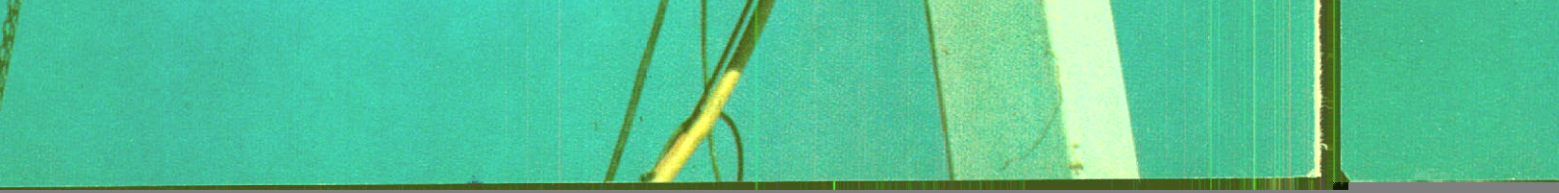
Rio Algom and its subsidiaries are engaged in t
of business: mining operations and steel operat

Rio Algom's mining operations consist of the exploration for



inerals and its principal products are

and mining of ores and



gom Limited

Rio

Highlights of 1980 Consolidated Operations

(In thousands except where noted by asterisk)	1980	1979

consequence to Lornex' profitability in 1981. The

ceeding well and will
as an efficient low-cost
nd molybdenum.
t Lake uranium opera-
pared to 1979 primarily
the start-up of the Panel

well. Also,
to secure new
of U_3O_8. A
Westing-
eferred to

and, Ontario
year in 1980

despite operating at volumes short of capacity. The favourable result was attributable to the cost-effective facilities created by recent capital expenditure programs, such as the new Welland melt shop. This standard of performance reinforces

manning
he election
hief Execu-
imited, Mr.
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ng
served.
Atlas

level of
f 1980 is

the case for further expansion and productivity-related capital programs in the years ahead to maintain the competitive position of Atlas Steels.

The metal service centres of Atlas Alloys, while enjoying an increase in sales, suffered from lower

Mr. J. Keith Reynolds, Chairman of the Metropolitan Toronto and Region Conservation Authority and Mr. John D. Taylor, President and Chief Operating Officer of Simpsons-Sears Limited.

In April, 1980 Mr. Stanley B. Kerr joined Rio Algom as Senior Vice-President, Finance. Also, in April, 1980 Mr. J. Douglas French was appointed

director and officer of the Corporation at the Annual Meeting on April 29, 1981. Mr. Armstrong has been chief executive of the Corporation during the period when Rio Algom established itself as a successful, diversified, major Canadian corporation. His fellow directors record their appreciation

Mr. J. Ian Crookston, a director since 1966, have

both reached retirement age under the Corporation's policy and will not present themselves for re-election as directors. Their fellow directors wish to thank Messrs. Edison and Crookston for their dedication and the valuable contributions which they have made to the affairs of the Corporation.

Rio Algom suffered grievous losses with the deaths of Sir Mark Turner on December 13, 1980 and Mr. Sam Harris on November 13, 1980. Sir Mark, a director since 1961, was Chairman of The Rio Tinto-Zinc Corporation Limited and deeply involved in the affairs of Rio Algom from its inception. Mr. Harris served the Corporation with great dedication as a director since 1961. Both are

missed as colleagues and friends.

On March 20, 1981 Sir Anthony Tuke, Chairman of The Rio Tinto-Zinc Corporation Limited, was appointed a director of the Corporation. At the Annual Meeting it is intended that the remaining

vacancies on the Board will be filled b
of Mr. James T. Black, President and
tive Officer of The Molson Companie
Douglas C. New, an Associate of Fas

trading margins in North America, reflec
reduced activity in some of the key mar

The operations of both Atlas Steels a
Alloys are closely related to the state of
Canadian economy generally. The reduc
activity experienced during the latter pa

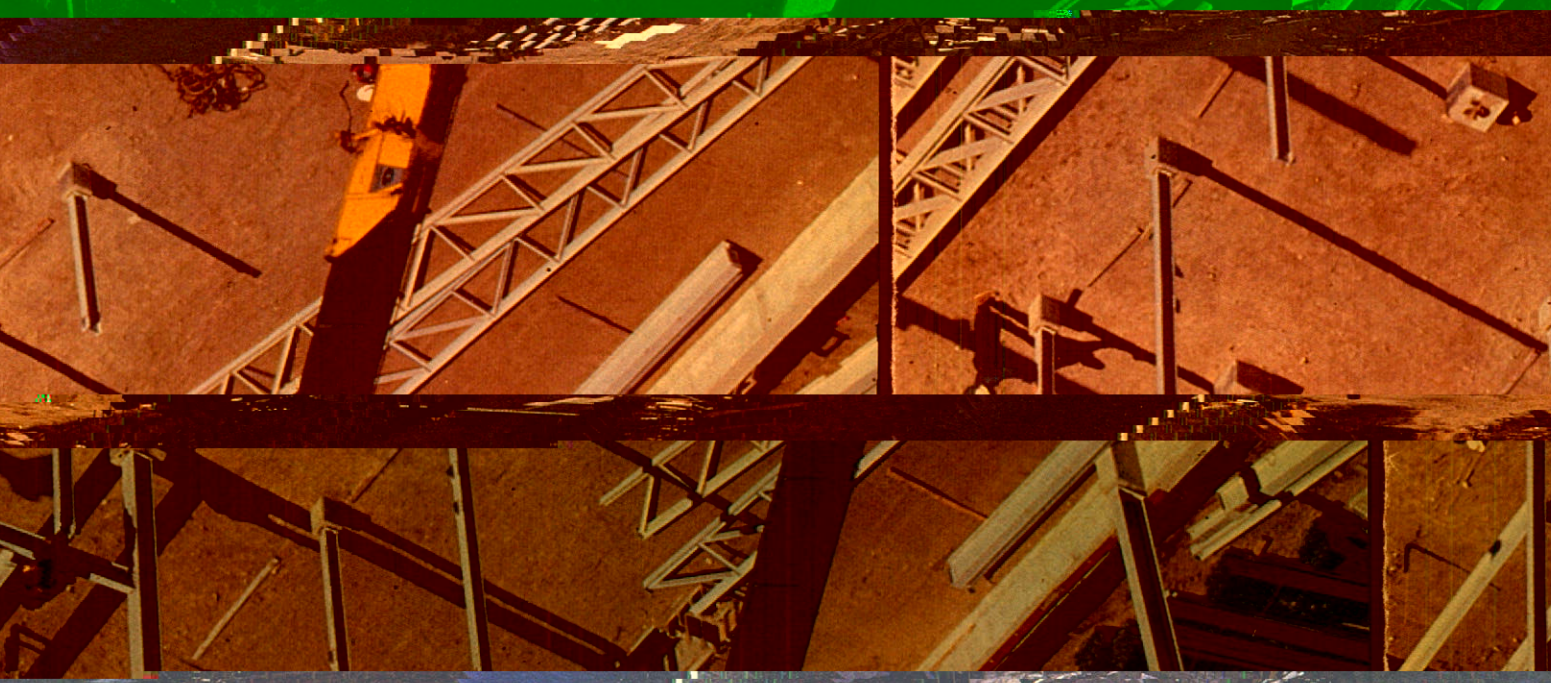
financial position, and the major capacity increas
being put in place are all the results of the dedicat
efforts of the people engaged in the various enter
prises of the Corporation. To all of them the
Directors wish to express their appreciation.

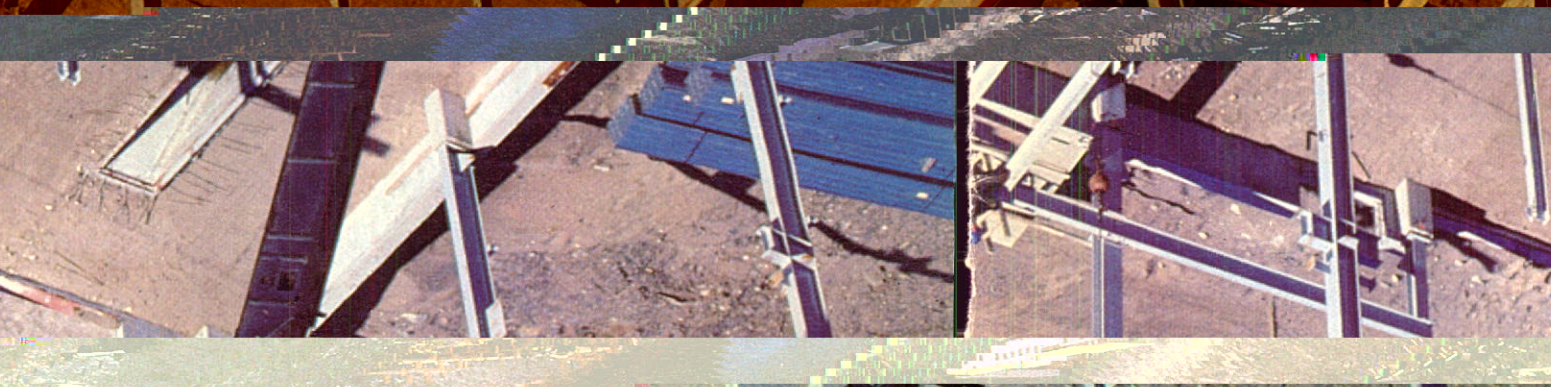
expansion program is
improve Lornex' posit
producer of both copp

Earnings from the E
tions declined in 1980
reflecting problems du

mine and mill; Panel now is operati
during 1980, the Corporation was a
contracts covering 8.1 million poun
further 4 million pounds will be sol
house under the settlement agreeme
previously.

Atlas Steels, with operations at W
and Tracy, Quebec, had a satisfacto





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Mining

Revenue from mine production was $399.6 million in 1980 compared to $347.8 million in 1979. Operating profit from mining operations before interest and taxes and minority interests was $123.3 million compared to $167.6 million in 1979.

The revenue and operating profit figures for 1980 and 1979 are not fully comparable because, as explained in Rio Algom's accounting policies, the 1979 figures do not include the revenue and operating profit of Rio Algom Corporation, a subsidiary of Rio Algom, which operates the Lisbon mine located near Moab, Utah in the United States.

Uranium

Revenue from uranium mining operations was $225.9 million in 1980 compared to $157.2 million in 1979. Operating profit before interest and taxes was $26.4 million in 1980 compared to $43.3 million in 1979.

Uranium — Elliot Lake

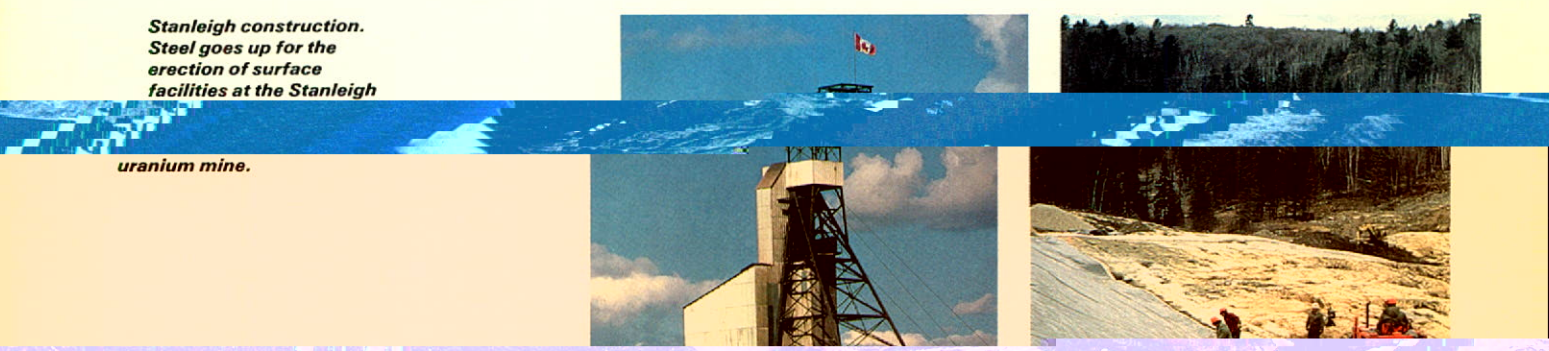
Revenue from the Elliot Lake mines increased mainly because of higher production. The output of the Panel mine, which commenced commercial operations in November 1979, more than offset a decline in production from the Quirke mine resulting from lower recovered grades. Earnings were lower because of increased costs, including higher amortization charges, largely in connection with problems during the start-up of the Panel mine and mill.

Comparative milling, metallurgical, production and shipping data from uranium operations in Canada for the years 1980 and 1979 are as follows:

	Quirke		Panel	
	1980	1979	1980	1979[1]
Tons of ore processed (thousands)	2,434[2]	2,452[2]	1,006	143
Average tons processed per day	6,975	7,004	2,883	2,419
Average recovery per ton (lbs.)	2.1	2.3	1.7	1.2
Average recovery	95.5%	93.8%	88.2%	65.9%
Pounds of uranium oxide produced (thousands)	4,886	5,294	1,897	394[3]
Pounds of uranium oxide delivered (thousands)	5,978[4]	4,739[4]	—	—

(1) Panel mine commenced commercial operations in November 1979.
(2) 1980 includes 94,000 tons and 1979 includes 104,000 tons of Panel ore processed.
(3) Includes 234,000 pounds produced during the Panel preproduction period.
(4) Includes deliveries from both Quirke and Panel.

Stanleigh construction. Steel goes up for the erection of surface facilities at the Stanleigh uranium mine.

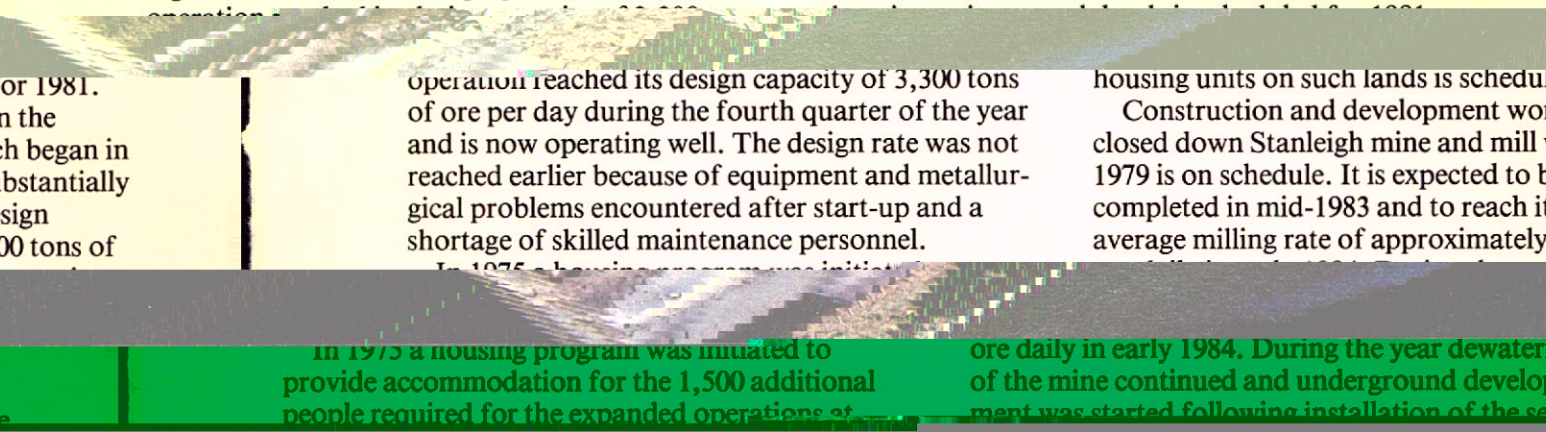


Dam is constructed to hold fresh water supply for the Stanleigh mine-mill complex.

New Quirke Mine. The Quirke operation had a successful year despite a shortage of skilled personnel.

The Quirke operation had a successful year despite shortages of skilled miners and mine maintenance personnel. Mill efficiency reached an all time high with recoveries averaging 95.5%. The Panel

systems in order that further residential lands may be developed to accommodate the necessary housing. Development of the lands should be commenced by mid-1981 and completion of up to 164



or 1981.
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00 tons of

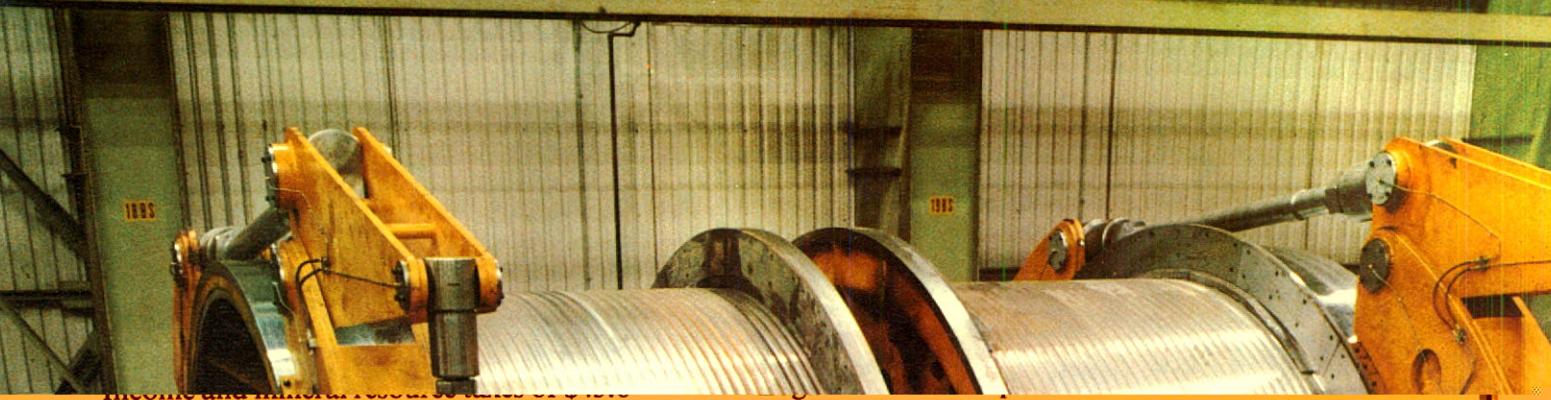
operation reached its design capacity of 3,300 tons of ore per day during the fourth quarter of the year and is now operating well. The design rate was not reached earlier because of equipment and metallurgical problems encountered after start-up and a shortage of skilled maintenance personnel.

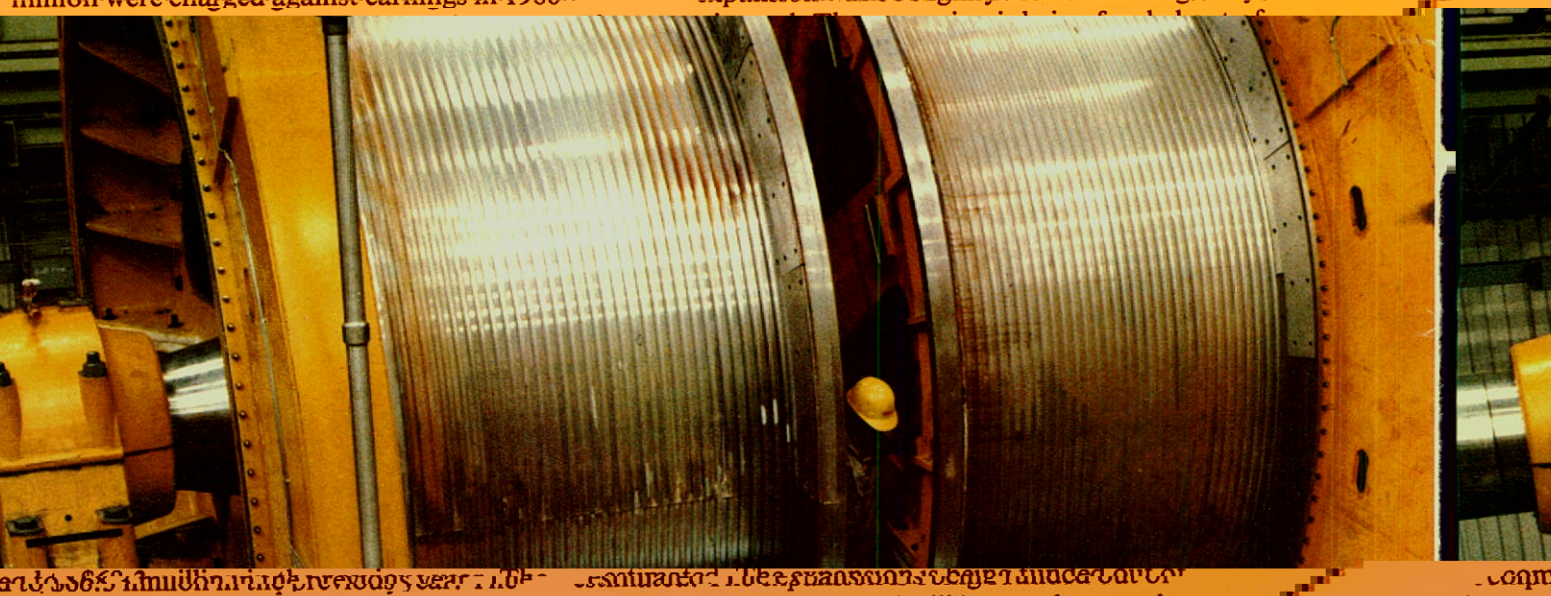
housing units on such lands is schedu

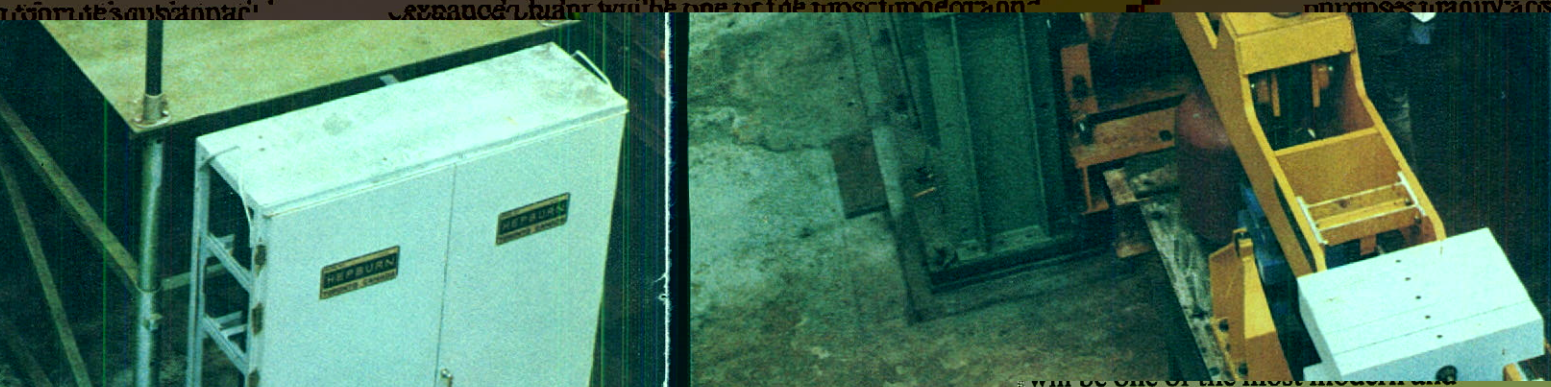
Construction and development wo
closed down Stanleigh mine and mill
1979 is on schedule. It is expected to b
completed in mid-1983 and to reach it
average milling rate of approximately

In 1975 a housing program was initiated to provide accommodation for the 1,500 additional people required for the expanded operations at

ore daily in early 1984. During the year dewater
of the mine continued and underground develo
ment was started following installation of the se



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delivered from Quirke and Panel operations under present contracts and, as stated in note 9 to the consolidated financial statements, 4 million pounds are to be sold and delivered to Westinghouse Electric Corporation. In addition, approximately 72 million pounds are to be delivered to Ontario Hydro from the Stanleigh mine beginning in 1983 until approximately the year 2020.

The Milliken, Lacnor and Nordic properties which have been shut down for some years contain substantial uranium deposits which may be commercially recoverable depending upon the course of future economic conditions. General studies regarding the most effective means of developing these properties are complete.

At Elliot Lake during 1980 an audit of mine safety practices was initiated by Rio Algom and conducted by an independent expert in mine safety. This auditor was selected in co-operation with representatives of the Ontario Ministry of Labour and the United Steelworkers of America, bargaining agent for hourly rated employees at Elliot Lake. In response to the findings and recommendations of the auditor Rio Algom has initiated a new safety system at Elliot Lake in an effort to further improve the safety record at its operations.

Uranium — Lisbon Mine

Comparative milling, metallurgical, production and shipping data from uranium operations for the years 1980 and 1979 are as follows:

	1980	1979
Tons of ore processed (thousands)	269	273
Average tons processed per day	745	751
Average recovery per ton (lbs.)	4.2	3.7
Average recovery	94.5%	93.6%
Pounds of uranium oxide produced (thousands)	1,099	994
Pounds of uranium oxide delivered (thousands)	940	1,200

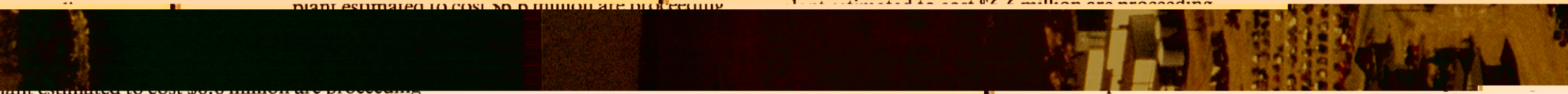
The Lisbon operation had a successful year primarily because of the higher average grade of ore treated in accordance with the planned sequence of mining, continuing strict cost controls and improvements in operating efficiencies. At December 31, 1980 approximately 1.2 million pounds of uranium oxide remained to be delivered under the present contract; it is estimated that an additional 1.1 million pounds can be recovered from defined ore. Studies are underway to evaluate the various options with respect to future operations.

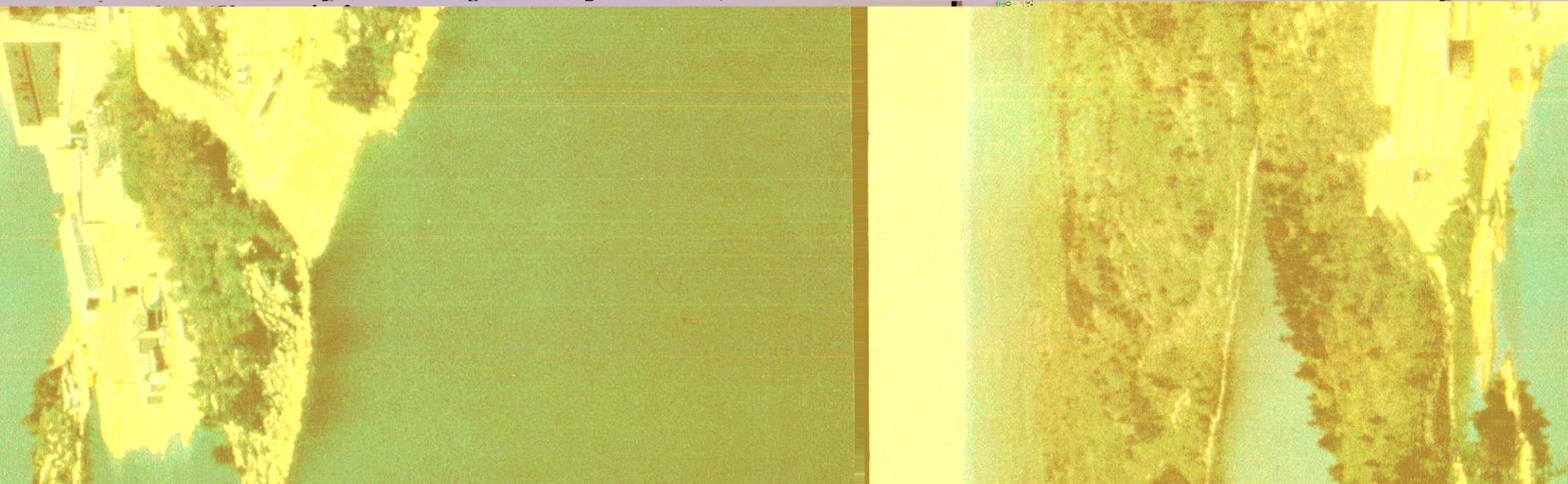
One of the biggest double drum production hoists ever built in Canada will be installed at the Stanleigh uranium mine in Elliot Lake. With a diameter of 16.5 feet and powered by a 5,500 h.p. motor, the hoist will have a payload capacity of 24 tons.

previous year. The 1980 total is comprised of $84.7 million for expansion of mining and milling

facilities, $3.3 million for a molybdenum leach plant and $7.8 million for normal equipment replace-

Firefighters at Panel mine, one of three such squads at Rio Algom's Elliot Lake operations. A crew is located at each of the operating properties.





Copper-Molybdenum

The results of operations at the copper-molybdenum mine in British Columbia and the financial position of Lornex Mining Corporation Ltd., which is 68.1% owned by Rio Algom, are included with those of Rio Algom on a fully consolidated basis. Rio Algom's interest in Lornex' earnings in 1980 was $44.3 million compared to $65.1 million in 1979.

The comparative operating results of Lornex as an entity are summarized as follows:

(thousands)	1980	1979
Net revenue from production	$173,738	$190,572
Operating expenses	67,235	56,999
Amortization and depreciation	9,865	9,544
	77,100	66,543
Earnings before interest and taxes	96,638	124,029
Investment income (net of interest costs)	12,245	1,868
Earnings before taxes	108,883	125,897
Income and mineral resource taxes	43,770	68,328
Net earnings for year	$ 65,113	$ 57,569
Minority shareholders' interests in above earnings	$ 20,771	$ 18,364

Lornex' earnings of $65.1 million for 1980 were the highest in its history and 13% above the previous year's record high level of $57.6 million. The decrease in earnings before interest and taxes to $96.6 million from $124.0 million was primarily due to a lower price realized for molybdenum, reduced copper production and increased operating costs. These unfavourable factors were partly offset by higher prices realized for copper and silver and higher production of molybdenum. The gross revenue price realized per payable pound of copper, including foreign exchange gains, averaged Canadian $1.15 in 1980 compared to Canadian $1.06 in 1979 and the gross revenue price realized per payable pound of molybdenum, including foreign exchange gains, averaged Canadian $10.05 in 1980 compared to Canadian $16.65 in the previous year. The average operating cost per ton of ore milled increased to $3.13 in 1980 from $2.65 in 1979. The main reasons for the increase were the wage contract settlement in mid-year and the higher cost of fuel and power; increases in the cost of high usage materials such as grinding media and mill liners were also significant. Expenditures for raising tailings dams were higher than in the previous year.

Lornex mill under expansion. The new section now houses additional autogenous grinding and ball mills, flotation cells, control computers and other equipment that will increase the plant's

Panel mine, in production after being shut down for 18 years, reached its design capacity of 3,300 tons of ore per day in 1980.

Income and mineral resource taxes of $43.8 million were charged against earnings in 1980 compared to $68.3 million in the previous year. The decrease is attributable to lower earnings before taxes and to greater deductions allowed for tax purposes mainly arising from the substantial increase in capital expenditures incurred for the expansion of facilities.

Net capital expenditures for Lornex in 1980 were $95.8 million compared to $8.7 million in the previous year. The 1980 total is comprised of $84.7 million for expansion of mining and milling facilities, $3.3 million for a molybdenum leach plant and $7.8 million for normal equipment replacements. At December 31, 1980 an additional $25.2 million had been committed.

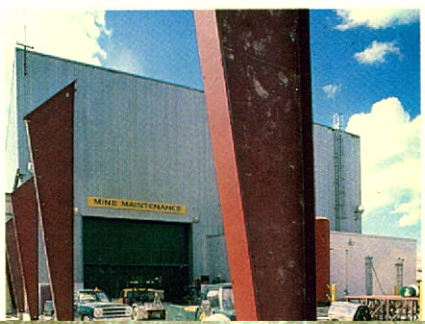
Expansion of facilities, estimated to cost $160.0 million, and construction of a molybdenum leach plant estimated to cost $6.6 million are proceeding as planned for completion in mid-1981. The expanded facilities, which will increase production

Logan Lake. It is expected that the cost of the expansion will be slightly lower than originally estimated. The expansion is being funded out of general funds of Lornex and will be supplemented by temporary bank borrowings if necessary. The expanded plant will be one of the most modern and efficient mining and milling operations in the world.

A copy of the Lornex Annual Report for 1980, including the complete financial statements and notes thereto, will be provided upon request.

vill include a third slightly
hill line, a new crusher and
new 170-ton trucks, 3 new
additional tailings line and
s additional housing at

capacity by about 68%
larger semi-autogenou
ore conveyor system,
22-cubic yard shovels
related facilities as we



Lornex mill under expansion. The new section now houses additional autogenous grinding and ball mills, flotation cells, control computers and other equipment that will increase the plant's capacity by 68 per cent.

el being erected for
ansion of mine
intenance building. The
dition will enable the
ility to handle the
anded array of trucks,
vels and other
ipment.

Big bite is taken by 22-yard shovel in the Lornex pit. Haulage volume will increase to 95 million tons of ore and overburden per year as a result of current expansion.

Minerals Exploration

Exploration expenditures by Rio Algom and its

mineralized sector on the Cape Ray gold property in southwestern Newfoundland. Extensive diamond

	21,332	19,342	16,856
	3,547	527	582
Dividends on common shares			
Dividends on preference shares			
Payment of Lavan dividend to minority shareholders			
Purchase of preference shares for cancellation			
Issuance of long-term debt			
Rio Algom Limited debentures			
Bank loans of subsidiary corporation			
Working Capital beginning of year			
Working Capital end of year			

Chile, and in Argentina through a 50-50 joint venture with a major industrial organization. A number of properties are under investigation.

Labor contracts relating to mining operations are in effect in the Elliot Lake area for hourly rated employees, office and technical employees and

Notes to Consolidated Financial Statements

December 31, 1980, 1979 and 1978

be established in Spain

e Creek coal property, in
% interest, in south-
nto production were

anning and environmental
nced. Marketing efforts were

production and maintenance employees and the operating engineers until September 1, 1981; at the Lisbon mine for the production and maintenance employees until February 28, 1982; at the Lornex mine for production, maintenance, office and technical employees until June 30, 1982.

Exploration activities
and Portugal in 1981.
Efforts to bring the
which Rio Algom has
eastern British Columb

intensified. Min
studies are well

earnings and other information have been presented for each of the three years in the period ended December 31, 1980 in the accompanying consolidated financial statements.

2. Amalgamation

On January 30, 1980 the shareholders of Rio Algom Limited and Preston Mines Limited approved an amalgamation agreement between Rio Algom and Preston, dated as of December 17, 1979, which

Total assets at book value . . .	$859,533	$231,538	$(192,297)*	$898,7
Total liabilities at book value .	367,690	37,705	(816)	404,5
Minority interests at book value .	45,614	—	—	45,6

*Reflects elimination of Preston's investment in Rio Algom of $191,481.

Preston was a non-operating corporation and had no revenue or net income for the one month from January

Steel

Total sales, including metal products purchased from others by the Atlas Alloys metal service centre

demand was also strong during the first half of the year. Domestic and offshore demand decreased

distribution group for resale, amounted to $447.9 million in 1980 compared to $362.9 million in the

repayment of capital thereon), each outstanding Rio Algom $5.80 cumulative redeemable first preference share, series A was converted into one $5.80 cumulative

and product profit margins declined.

At the time when the Tracy plant resumed operations, strong competition was experienced from United States and other offshore stainless flat rolled producers who had established themselves with Canadian customers during the strike. During the year part of the normal share of business with these customers was regained; more traditional market shares are expected during 1981.

Welland plant product sales decreased in 1980 in

redeemable first preference share, Series A of the

Marketing and Distribution

Atlas Steels sales activity increased in 1980 primarily due to the resumption of operations at the Tracy plant in January following the nine-month strike in 1979.

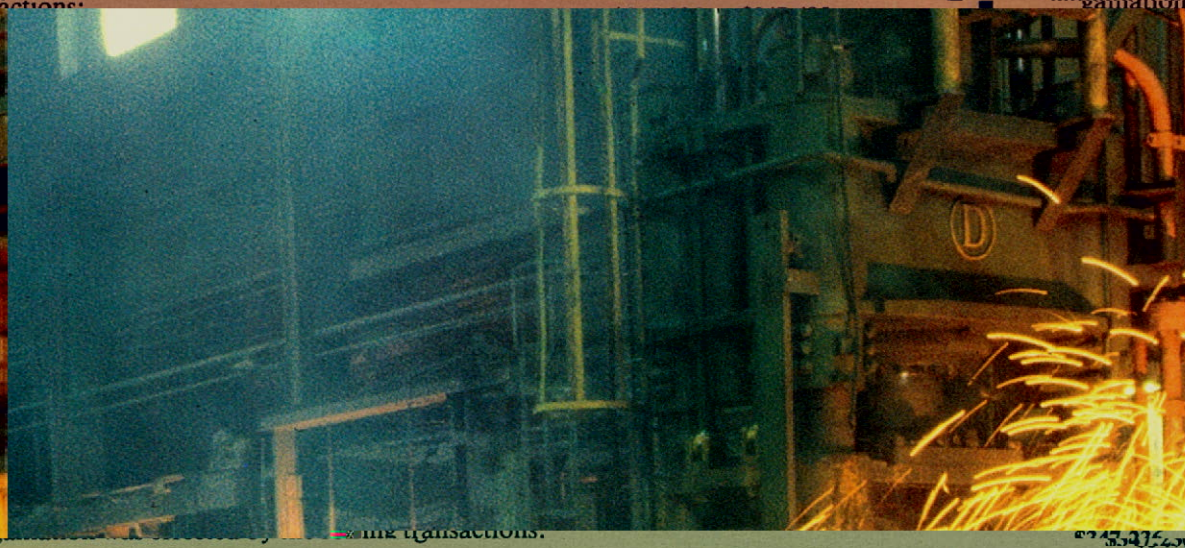
During the first half of 1980, demand for Tracy plant stainless flat rolled products was reasonably strong in Canada as sales to distributors and to the buoyant capital goods spending end use markets partially replaced continuing low activity in the automotive end use sector. Offshore market

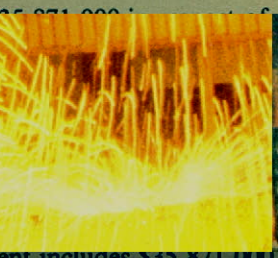
Sparks fly as billet is scarfed with an oxy-acetylene torch as 500 visiting tool and die makers watched at Atlas Steels' Welland plant.

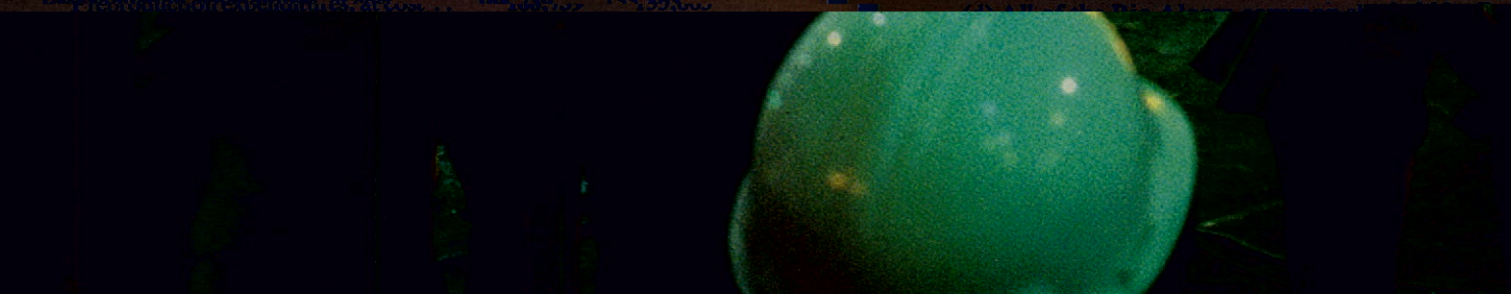
common share was converted into 0.75

4. Plant and equipment

	1980	1979
	(in thousands)	
Buildings, at cost	$260,317	$243,436
Machinery and equipment, at cost	383,432	358,639
	643,749	602,075
Less accumulated depreciation	298,406	256,122
	345,343	345,953

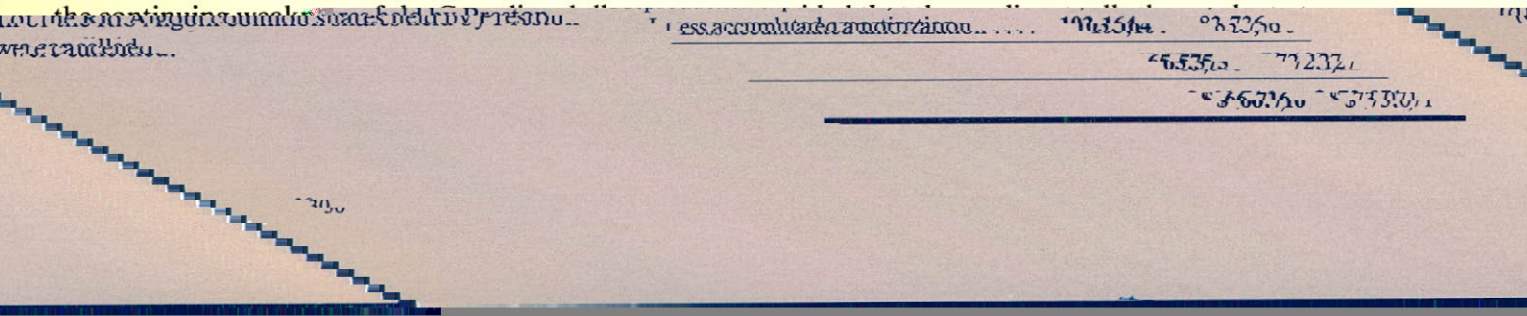






replacement sales during the first half of 1980 but these end use markets also softened during the latter part of the year. While sales to the important automotive sector continued to decline during 1980

program, however, provides for pre-clearance which will allow applicants to import such products into the United States at less than the applicable trigger prices without an anti-dumping investigation



	539	448
	,484	35,569
	,483	$ 93,086

inking fund
g Fund
ws:

1 and 1982;

Balance owing at December 31	$ 82,741	$ 28,600

Under an agreement concluded in January 1978, Ontario Hydro has agreed to make interest-free advances of the funds required to bring the Stanleigh Project into production, and the funds necessary for the working and sustaining capital requirements of the Stanleigh Project. The funds advanced are to be repaid to Ontario Hydro over the delivery period, estimated to begin in mid-1983, in amounts approximately equal to

Less portion included in current liabilities

(a) The Corporation is required to m
payments for the retirement of the Si
Debentures in principal amounts as f

Series A — $3,000,000 on October 1,

the base price, as
elivered. The

and
Series B — $2,500,000 on July 15, 198

the amortization allowance include
defined in the agreement, of uraniu

shop, brought into production in 1978, strict control over spending and energy conservation were significant offsetting factors and contributed to the achievement of financial results that were satisfactory in the light of lower facility utilization.

As previously announced, a long range plan has been developed for the expansion and modernization of the Welland plant at a cost of more than $100 million over the next 10 years. This will provide for sales growth and cost reductions which will maintain and improve the competitive position of the plant. The first phase to expand capacity for heat treating and cold bar finishing operations at an estimated cost of $11.0 million is scheduled for completion in mid-1982. In addition, construction of a water treatment facility at the north plant was completed late in the year, is now in full operation, and the quality of the effluent is well within permissible limits.

Start-up of operations at the Tracy plant in January 1980, after the nine-month strike in 1979, was achieved without any major difficulties. The order backlog was low when operations resumed but the ability to react to opportunities in the market place and aggressive scheduling of deliveries permitted a steady increase in production toward normal levels. As a result, and with the benefit from the consumption of low cost inventories on hand when the strike began, there was a major improvement in Tracy plant profit as compared to the previous year.

Sales of the United Kingdom operation from its two service centres rose substantially despite depressed market conditions. Because of competitive market conditions profit margins were lower which, coupled with high interest rates, affected earnings adversely.

Employee Relations

At December 31, 1980, Rio Algom and its subsidiaries employed a total of 3,441 persons in Atlas Steels and Atlas Alloys operations. Of these 1,804 were engaged in production, 978 in sales and 659 in executive, administrative and clerical

development had a negative effect on markets in the latter part of the year and have clouded the outlook for 1981 and beyond. Late in 1980 a new facility was opened in Saint John, New Brunswick to serve some of the developing market areas of eastern Canada that were previously served from the Montreal facility.

In the United States total sales were slightly lower in 1980 in spite of increased sales at the Cleveland, Chicago and Rockford, Illinois service centres, the latter having been acquired in late 1979. These positive accomplishments were however, adversely affected by reduced activity in the Detroit operation because of lower demand from the automotive use sector. Operations are being strengthe improvements of facilities, product lines administrative procedures.

Sales and earnings of Australian opera five locations, were at record levels. Mar for principal product lines were improve tion from the wire drawing facility at Me was at a high level throughout the year.

The Mexican operation had record sal earnings were somewhat lower than the r of 1979 due primarily to competitive mar conditions. Substantial progress was mad increasing the sales of stainless steel prod Arrangements concluded late in the year for the distribution of aluminum products add to the growth potential of the Mexican operation.

At both manufacturing plan tion committees were establish and are active and supportive i tional accidents. During the ye set for continuous periods of o lost time accident. The interna environments are regularly mo established programs and proc contaminants and other desig within permissible limits.

Atlas Alloys

n-recourse first charge
assets.

inclusive.

The Sinking Fund Debentures are secured under a trust

advances are secured by
against the Stanleigh Pr

8. Capital Stock

Authorized:
437,040 First Preference Shares of the par value of $100 each, issuable in series.
24,168,919 Second Preference Shares of the par value of $5 each, issuable in series.
25,000,000 common shares without par value.

ference	Second Preference		Common		First
Shares[a]	Shares[a]		Shares		
Amount	Number	Amount	Number	Amount	Number
(000's)	(000's)		(000's)		
9,502	—	$ —	13,511,269	$99,204	

Issued:

Balance, December 31, 1978 95,022

Auditors' Report to the Shareholders

We have examined the consolidated statements of financial position of Rio Algom Limited as at December 31, 1980 and 1979, and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for each of the three years in the period ended December 31, 1980. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the

Accounting Policies

The principal accounting policies followed by Rio Algom Limited and its subsidiaries are summarized hereunder to facilitate a comprehensive review of the consolidated financial statements contained in this report.

Basis of Consolidation

The consolidated financial statements for the years ended December 31, 1980 and 1978 include the accounts of all significant subsidiary corporations.

Depreciation and Amortization
The Corporation charges depreciation and amortization on the following basis:

6 shares were purchased in
nd $59,000 respectively. The
s:
preciated on the basis of the shorter
economic life, as estimated for
economic life is adjusted from time
ns warrant.

preciated on the straight line
ngineering estimates of the lives of
llowing rates:

ent
4% per annum
6⅔% per annum

and preproduction expenditures are
ne basis as mining fixed assets are

on cost over adjusted book value of
amortized on a straight line basis
in 1982.
t and financing expenses are

Development Projects and Exploration
Development projects are carried forward as assets while the projects are considered to be of value to the Corporation. All exploration expenses have been written

1974 contract.
On March 17, 1981 agreements were reached between
off.

cancellation in 1979 ar
1980 at costs of $568,0

(i) Mining fixed
Fixed assets a
of physical lif
each mining u
to time as con

(ii) Steel fixed ass
Fixed assets a
method based
the assets at th

Buildings
Plant and equ

Mining prope
amortized on th
depreciated.
Excess of acq
Atlas Steels asse
over a period en
Debenture dis

Income and Mining Taxes
The Corporation provides for deferred income and mining taxes on all significant timing differences which represent the tax effects of revenue and expense items reported for tax purposes in periods different than for accounting purposes. Investment tax credits claimed for federal income tax purposes are treated as a reduction of the current year's income tax expense.

Earnings per Common Share
Earnings per common share are stated after provisions for dividends on preference shares and are based on the weighted average number of shares outstanding during each year; the earnings per common share for 1979 and 1978 have been restated to reflect the amalgamation of Rio Algom Limited and Preston Mines Limited.

Corporation's obligations for the years 1981 to 1984 inclusive referred to in note 10 (c)(i) below have been fulfilled.

(d) (i) In order to effect the amalgamation with Preston (see note 2) 8,830,499 Second Preference Shares and 6,622,875 common shares were issued to the Preston common shareholders and 5,920,640 Rio Algom common shares owned by Preston were cancelled.

Westinghouse and a group of companies
Algom, RAC, and Rio Algom's ultimate
Tinto-Zinc Corporation Limited ("RTZ"
subsidiary RTZ Services Limited, and be
a group of companies, including Rio Alg
RTZ, to settle actions brought by Westin
TVA in the United States. The agreement
for the dismissal of the related actions be
Canada by Rio Algom against TVA and

amortized on the
the life of the Sinki
Corporation, whic

Capitalization of I
The Corporation fo
interest costs durin
those projects for w
would normally ap
from beginning of
commencement of
interest earned on b
ment and construct
interest expense to
capitalized. Such ne
it is considered that
the project had not
properly part of the

tures outstanding method over
und Debentures Series B of the
ture on July 15, 1995.

s the policy of capitalizing net
struction or development only on
funds have been borrowed; this
nly to such major new projects
ruction or development up to the
mercial operations. In these cases
wed funds during the develop-
eriod is applied against the
e the amount of interest costs
erest costs are capitalized because
would not have been incurred if
undertaken and therefore are
tal cost of the total project.

Consolidated Statement of Financial Position

(Thousands of dollars)

Rio Algom Limited
(Incorporated under the laws of Ontario)

December 31	1980	1979
Current assets:		(note 2)
Cash and short term deposits	$ 96,089	$ 85,030
Receivables and prepaid expenses	109,904	81,359
Inventories and concentrates awaiting shipment (note 3)	237,485	220,229
Total	443,478	386,618
Less:		
Current liabilities:		
Bank loans and overdrafts	7,200	12,270
Accounts payable and accrued liabilities	125,344	89,887
Income and mining taxes	25,716	63,123
Total	158,260	165,280
Working capital	285,218	221,338
Plant and equipment (note 4)	347,236	347,495
Construction in progress, at cost	194,225	47,581
Mining properties and preproduction expenditures (note 5)	66,716	73,071
Excess of acquisition cost over adjusted book value of Atlas Steels assets, less amortization	2,087	3,134
Debenture discount and financing expenses, less amortization	551	743
Investment in and advances to affiliated corporation, at cost (note 10(e))	6,966	12,898
Investment in and amounts receivable from United States subsidiary corporations (at cost plus equity to December 31, 1978) (note 1)	—	27,234
	617,781	512,156
Total assets less current liabilities	902,999	733,494
Deduct:		
Long term debt (note 6)	105,483	93,086
Advances from Ontario Hydro (note 7)	82,741	28,600
Deferred income and mining taxes	162,266	117,613
Minority shareholders' interests in subsidiary corporation	55,834	45,614
	406,324	284,913
Excess of assets over liabilities	$496,675	$448,581
Ownership evidenced by:		
First preference shares (note 8)	$ 8,704	$ 8,802
Second preference shares (note 8)	39,997	44,152
Common shares (note 8)	49,179	49,142
Contributed surplus	36,841	36,468
Retained earnings	361,954	310,017
Total	$496,675	$448,581

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f uranium

Preference Shares were purchased for cancellation. The total cost of $3,821,940 has been applied to satisfy the Corporation's obligation of $2,207,625 due February 28, 1980 referred to in note 10 (c)(ii) with the balance of $1,614,315 being applied toward the 1981 requirement.

(e) During 1980 all outstanding stock options were terminated.

(f) There are restrictions on the payment of dividends in

ments become final certain judicial and
procedures must be completed and app
from various governments. Rio Algom
these requirements should be satisfied
obtained, where applicable, favourable
independent legal counsel in this regard

The terms of the settlement with We
applicable to Rio Algom include the sa
Rio Algom to Westinghouse at a firm p
escalation provisions of 4 million pou

provisions attaching to the Preference Shares and the

oxide. Under a separate agreement between RTZ

Consolidated Statement of Earnings

(Thousands of dollars)

er 31	1980	1979	1978
		(note 2)	(note 2)
production and sales of steel	$847,491	$710,729	$576,055
ion and steel sales	568,695	433,504	385,158
dministration	63,323	47,157	45,476
)	(7,837)	4,200	2,214
ortization (note 13)	50,983	38,150	32,328
	10,710	9,063	5,951
	685,874	532,074	471,127
and minority interests	161,617	178,655	104,928
axes (note 14):			
	18,705	73,137	17,613
	44,653	11,460	21,095
	63,358	84,597	38,708
minority interests	98,259	94,058	66,220
s of subsidiary corporation	20,771	18,364	4,579
1)	$ 77,488	$ 75,694	$ 61,641
	$ 5.20	$ 5.02	$ 4.03

Corporation's trust indentures relating to the Series A and Series B Debentures.

9. Litigation Settlements

In October, 1976, Westinghouse Electric Corporation ("Westinghouse") commenced an action in the United States District Court for the Northern District of Illinois in which 29 defendants were named, including Rio Algom Limited ("Rio Algom") and Rio Algom Corporation ("RAC"), a United States subsidiary of Atlas Alloys Inc., a United States subsidiary of Rio

gom, RTZ Services Limited
ent with Westinghouse by
onal firm amount per
provisions, in respect of a
million pounds to be
Vestinghouse.
g settlements is reflected in
ted financial statements and
uture have a material

Services Limited and Ri
will contribute to the se
paying Rio Algom an ac
pound, subject to escala
substantial portion of th
delivered by Rio Algom.

Provision for the fore
Rio Algom's 1980 conso
does not and will not in

adverse effect on the consol
earnings of Rio Algom

Years ended Dec

Revenue:
Revenue from m
and other proc
Expenses:
Cost of mine pro
Selling, general a
Interest (net) (no
Depreciation and
Exploration ...
Earnings before
Income and min
Current ....
Deferred ....
Earnings before adjustmen
in subsidiary corporation
Minority interests in net ear
Net earnings for the year (no
Earnings per common share

ent s

	1980	1979	1978
		(note 2)	(note 2)
lgamated)	$310,017	$254,192	$305,732
gamation (note 2)	—	—	(95,743)*
	310,017	254,192	209,989
	77,488	75,694	61,641
	387,505	329,886	271,630
s	3,547	527	582
	21,332	19,342	16,856
of tax)	672	—	—
	25,551	19,869	17,438

Consolidated Stat of Retained Earni

(Thousands of dollars)

Years ended December 31

Balance, beginning of year
Adjustment resulting from
Add net earnings for the yea
Deduct:
Dividends on preference
Dividends on common sh
Amalgamation expenses

Consolidated Statement of Contributed Surplus

(Thousands of dollars)

Years ended December 31	1980	1979	1978
		(note 2)	(note 2)
Balance, beginning of year (amalgamated)	$ 36,841	$36,335	$44,982
Adjustments resulting from amalgamation (note 2)		—	(8,798)*
		36,335	36,184
Profit on purchase of preference shares for cancellation		133	151
Balance, end of year (amalgamated)	$ 36,841	$36,468	$36,335

*Represents elimination of Preston's share of Rio Algom's contributed surplus as at January 1, 1978.

Consolidated Statement of Changes in Financial Position

(Thousands of dollars)

Years ended December 31	1980	1979	1978
Source of Funds:		(note 2)	(note 2)
Earnings before adjustment for minority interests in subsidiary corporation	$ 98,259	$ 94,058	$ 66,220
Add items included in earnings not involving current outlay of funds:			
Depreciation, amortization and other charges (net)	50,540	38,335	31,655
Deferred income and mining taxes			

Algom. The complaint filed by Westinghouse alleged illegal combinations and conspiracies among the defendants to restrain both the interstate and foreign commerce of the United States in uranium in violation of the Sherman Antitrust and Wilson Tariff Acts, and sought to recover treble damages and to secure injunctive relief from each of the defendants.

In November, 1977, thirteen companies, including Rio Algom and RAC, were made defendants in three similar actions (later consolidated for pre-trial purposes) brought by Tennessee Valley Authority

10. Commitments and contingencies

(a) Estimated total cost to complete capital projects as at December 31, 1980 was approximately $94,158,000 (committed $30,778,000). These figures do not include the Stanleigh Project for which funds are being provided by interest-free advances from Ontario Hydro and by mortgages for the housing units to the extent practicable.

Notes to Consolidated Financial Statements

December 31, 1980, 1979 and 1978

1. Accounting policies

The information on page 25 presents a summary of the principal accounting policies and is an integral part of these consolidated financial statements.

To comply with current disclosure requirements of the

ts of
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e recording
3) amalga-
The effect
ars ended
oration's
(2)
earnings
penses to
s policy of

ge Commission,
e been presented for
ended December 31,

ates of exchange

37,705	(816)	404,579	
—	—	45,614	

nvestment in Rio Algom of

corporation and had no

..	9,508
..	$85,351

net income for the one month from January 1,
e effective date of the amalgamation.

		(in thousands)
$77,488	$75,694	$61,641
(3,520)*	3,520	*
12,600	—	—
(672)	—	—
—	3,506	363

3. Inventories and concentrates awaiting shipment

	1980	1979
	(in thousands)	
he year		
U.S.	$85,896	$82,720 $62,004

e United States subsidiaries for 1980 and 1978
nd $5,541,000 respectively, which have
et earnings as reported.

ns —
..... $ 28,290 $ 23,281

$9,688,000 in 1980, $9,288,000 in 1979 and $6,972,000 in 1978. A comparison of uninsured accumulated plan benefits and plan net assets as at the respective valuation dates, varying from July 1, 1978 to January 1, 1980, for the Corporation's defined benefit plans is presented below (in thousands of dollars):

Actuarial value of uninsured accumulated plan benefits:

(i) Pension plans:	
Vested	$59,072
Nonvested	16,771
(ii) Plans for which above information	

	Rio Algom	Preston	ments	Total
Total assets at book value ...	$859,533	$231,538	$(192,297)*	$898,774

has not been segregated at present:
Vested
1980 in the accompanying consolidated financial statements.

2. Amalgamation

On January 30, 1980 the shareholders of Rio Algom Limited and Preston Mines Limited approved an amalgamation agreement between Rio Algom and Preston, dated as of December 17, 1979, which prescribed the terms and conditions under which the two corporations were amalgamated effective at the close of business on January 30, 1980; the amalgamated corporation operates under the name of "Rio Algom Limited" ("Amalco"). Under the amalgamation each outstanding Rio Algom common share not owned by Preston was converted into one common share of the amalgamated corporation (all Rio Algom common

	1980	1979	1978
Net assets at carrying value available for uninsured benefits	$60,092		

The weighted average assumed rate of return used in determining the above actuarial value of accumulated plan benefits was 5.89% per year.

Additional pension benefits are also provided for certain groups of employees through group annuity contracts. Such benefits are fully funded.

The unfunded liability for pension funds at December 31, 1980 is estimated at $21,866,000. This is presently being funded over a period of 15 years expiring in 1995.

(e) The shares representing the Corporation's investment in an affiliated corporation have been pledged as security for debt owing by that affiliated corporation.

(f) The Corporation had the following contingent liabilities as at December 31, 1980:
(i) A contingent liability to buy back houses and mobile home lots at Lornex' Logan Lake townsite for $3,418,000 until December 31, 1982; the cost of the buyback declines by 5% per annum thereafter; and

Adjust-
earnings of prior periods to include the
unconsolidated subsidiaries when a char
consolidated entity such as set forth und
ing policy, "Basis of Consolidation"; (2
of investment tax credits as they arise; a
mation expenses to be charged to earnin
on consolidated net earnings for the thre
December 31, 1980 of (1) including the
United States subsidiaries during each y
including available investment tax credit
(see note 14), (3) charging amalgamation
earnings, and (4) following the United S
United States Securities and Exc
earnings and other information
each of the three years in the per
converting long term debt at year-
is as follows:

Total liabilities at book value .	367,6
Minority interests at book value .	45,6

*Reflects elimination of Pres
$191,481.

Preston was a non-opera
Vested and nonvested .....
Total .....
revenu
1980 t

Net earnings for the ye as reported	
Add (deduct):	
Net earnings of Uni States subsidiarie	
Investment tax credi	
Amalgamation expenses (net of taxes) ...	
Gain on conversion long term debt at year-end rates of exchange	

Net earnings
(adjusted
basis) ...

*Net earnings
were $2,693,
been included

Mining ope
Mine sur

14. Income taxes

Earnings before taxes and minority interests consisted of:

	1980	1979	1978
			(in thousands)
Canadian	$149,027	$172,611	$ 93,752
Foreign	12,590	6,044	11,176
	$161,617	$178,655	$104,928

debit of Preston Mines Limited. The debit arose from loss carry forwards and unclaimed tax depreciation in Preston prior to amalgamation. Because of the amalgamation the appropriate pa of this adjustment has been recorded in the accounts in 1980.

At December 31, 1980, the Corporation has $12.6 million of investment tax credit carry forwards which are available for offset against future taxable income. Such carry forwards, if unused, will expire by 1985.

15. Business Segment Data

The operations of the Corporation and its subsidiaries may be grouped into segments. The principal operations of each segment are as follows:

deed by a first floating charge upon the property and assets, present and future, of the Corporation.

(b) The housing loans and mortgages payable generally carry interest rates varying from 10% to 18¾%.

(c) After allowing for prepayments, sinking fund and

Note 8 continued

(a) The issued preference shares are comprised as follows:
(i) $5.80 Cumulative Redeemable First Preference Shares Series A (redeemable at premiums ranging from 2% to 1%); and
(ii) 8.5% Cumulative Redeemable Second Preference Shares Series A (redeemable at premiums ranging from 2.5% to 0.5%).

(b) 5,925 common shares were issued for $147,000 cash in 1979 and 1,500 common shares were issued for $37,000 cash in 1980 under a Stock Option Plan.

(c) 7,006 First Preference Shares were purchased for cancellation in 1979 and 976 shares were purchased in 1980 at costs of $568,000 and $59,000 respectively. The Corporation's obligations for the years 1981 to 1984 inclusive referred to in note 10 (c)(i) below have been fulfilled.

(d) (i) In order to effect the amalgamation with Preston (see note 2) 8,830,499 Second Preference Shares and

("TVA"). In these actions TVA alleged violatio United States Antitrust Act and the Wilson Tari and sought to recover treble damages and to sec injunctive relief from each of the defendants.

In August, 1979 Rio Algom commenced an ac the Supreme Court of Ontario against TVA for for breach of contract based upon TVA's unilat repudiation of its 1974 contract with Rio Algom providing for the delivery of the equivalent of 17 pounds of U_3O_8 in concentrates over the period 1 1990. In September, 1979 Rio Algom commence

further action in the Supre Westinghouse and TVA fo activities of Westinghouse 1974 contract.

On March 17, 1981 agre Westinghouse and a group Algom, RAC, and Rio Alg Tinto-Zinc Corporation L subsidiary RTZ Services L a group of companies, incl RTZ, to settle actions brou

for the year 1980
ies and (2) provision
the consolidated

tatement of 1979

nmon

v prices for Rio
ock Exchange:

0	1979
8	$40-34^{4/8}$
8	$37^{2/8}-31^{2/8}$
	37-28

tal minimum
der operating
re from 1982 to
annum for each
1985 26
$^{2/8}-25^{6/8}$

of the next four years and $1,000,000 in 1985.

75¢
75¢
75¢
75¢

e outstanding, the

Corporation is obligated to set aside each year, on the dates indicated, the following amounts as a retirement

by the board of directors of the Corporation in the light of future earnings, financial requirements and other relevant factors. Restrictions on the payment of dividends are contained in the provisions of the Rio Algom First Preference Shares Series A, Rio Algom

Second Preference Shares Series A and the trust indenture dated April 1, 1963, as supplemented, covering the issue of the Corporation's Series A and Series B Sinking Fund Debentures. These documents have been filed at the offices of the Securities & Exchange Commission in Washington, D.C.

All non-residents receiving dividends from Rio Algom are subject at the source to 10% Canadian Non-Resident Withholding Tax if their country of residence has a tax agreement with Canada providing a particular preferential rate of Canadian tax (e.g. U.S.A.) or 20% if their country of residence has no tax agreement with Canada.

(ii) Mortgage guarantees of $5,940,000 on new housing also in Logan Lake.

11. The effect of applying United States generally accepted accounting principles

The Corporation's accounting policy for conversion to Canadian dollars of accounts in foreign currencies is in

reflect (1) consolidation of the United States subsu
and inclusion of the 1979 net earnings of those subs
for the settlements of civil litigation (see notes 1 an
financial statements respectively).

(b) See note 2 to the consolidated financial statements
results.

Market Price Range of C
Shares and Dividends Pa

The following table shows the high and
Algom common shares on The Toronto

First Quarter	$37^{6/8}$
Second Quarter	$32^{3/8}$
Third Quarter	$39^{3/8}$
Fourth Quarter	$41^{6/8}-34^{4/8}$

(b) The Corporation is committed to
rentals in the amount of $22,200,00
leases for land and buildings which
1999. Commitments are $1,800,000
of the next four years and $1,600,00

Dividends paid per share during 1980 and 1979:

May 30, 1979	
November 29, 1979	
May 30, 1980	
November 28, 1980	

(c) So long as Preference Shares

At December 31, 1980 there were approximately 11,500 holders of record of the common shares of the Corporation. In recent years, Rio Algom has paid dividends on a semi-annual basis. The payment of dividends in future years must necessarily be determined

accordance with the United States Financial Accounting Standards Board Statement No. 8 with the exception of its requirement to translate long term debt at year-end

average Canadian income tax rates and the effective rate of income and mining taxes is as follows (different rates of income tax apply to income from mining, manufacturing and other sources):

	1980	1979	1978
			(in thousands)
	$ 1,006	$ 1,329	
	11,657	13,274	
	(957)	(3,861)	
	(7,506)	(8,528)	
	$ 4,200	$ 2,214	

	1980	1979	1978
Weighted average Canadian income tax rates	49.2%	49.6%	47.8%
Increase (decrease) resulting from:			
Provincial mining taxes	9.5	11.1	12.0
Depletion allowances	(6.3)	(4.2)	(6.7)
Resource allowances	(6.5)	(8.7)	(7.4)
Inventory allowances	(1.1)	(0.9)	(1.3)
Investment tax credits	(3.3)	(1.6)	(6.0)
Exempt income*	(0.8)	—	—
Amalgamation tax adjustment**	(2.0)	—	—
Sundry	0.5	2.0	(1.6)
Effective rate of income and mining taxes	39.2%	47.3%	36.8%

*Exempt income principally relates to the non-taxable portion of capital gains.

**The amalgamation tax adjustment relates to an unrecorded tax debit of Preston Mines Limited. The debit arose from loss carry forwards and unclaimed tax depreciation in Preston prior to amalgamation. Because of the amalgamation the appropriate part

	1980	1979	1978
			(in thousands)
ment	$40,764	$31,971	$27,793
ies and n			
	7 1,047	1,047	
	3 $38,150	$32,328	

12. Interest (net)

Interest on demand loans . . . . . $ 1,678
Interest on long term debt 11,111
Interest capitalized . . . . . (329)
Investment and other income . . . . . (20,297)
$(7,837)

13. Depreciation and amortization

Plant and e
Mining pro
preprodu
expendi

Excess of acquisition cost over adjusted book value of Atlas Steels assets acquired . . . . . $

14. Income taxes

attained at the new melt shop in Welland for both 1980 and 1979. Service centre earnings dropped in 1980 from the record levels attained in 1979, because of lower gross profit margins, but were still significantly higher than in 1978.

Consolidated net earnings

While segment operating profits increased by $79.4 million or 66% from 1978 to 1979, consolidated net earnings rose by only $14.1 million (23%) because of increases of $45.9 million in income and mining taxes, $13.

1978 and 1980 steel revenue increased by $113 million or 24%; the major part of the increase resulted from higher

been restated, where applicable, to include the results of Rio Algom and Preston on a combined basis.

Revenue from mine production and sales of steel and minority interests of Lornex, and $5.6 million in

other products, by segment, are as follows (all are to unaffiliated customers except 1979 steel sales of $9.6 million to an unconsolidated United States subsidiary):

	Year Ended December 31		
	1980	1979	1978
			(in thousands)
Uranium	$346,358	$312,979	$182,668
Copper-molybdenum	212,140	252,869	162,066
Steel	263,572	237,620	234,456
	$822,070	$803,468	$579,190
Uranium	$225,855	$157,206	$153,074
Copper-molybdenum	173,738	190,572	88,096
Steel	447,898	362,951	334,885
Consolidated	$847,491	$710,729	$576,055

centre operations of Atlas Alloys and lower in Atlas Steels' expenditures for exploration, corporate expenses and

manufacturing plants in 1980 than in 1978. The steel interest. The large increase in taxes was due to higher pre-

operations are closely related to the state of the Canadian economy; that economy weakened during 1980, especially in residential construction and automobile manufacture and no particular improvement is foreseen, at least in the short term.

tax earnings and a substantial increase in the effective tax rate caused primarily by a change in the proportions of earnings among operations taxed at different rates.

Conversely, while segment operating profits declined by $26.6 million between 1979 and 1980, consolidated net earnings rose by $1.8 million. Interest income (net of interest costs) increased by $12 million largely due to significantly higher investment income, particularly at Lornex, and to an initial dividend of $2.9 million received from an affiliated corporation. A decrease of $17

in earnings before taxes and minority in

than offset by lower effective tax rates

47% in 1979) resulting from expansion-related expenditures, principally at Lornex and Elliot Lake and from the amalgamation of Rio Algom Limited and Preston Mines Limited.

Identifiable assets of each segm

selling price

	1980	1979	1978
		(note 2)	(note 2)
			(in thousands)
Uranium	$346,358	$312,979	$182,668
Copper-molybdenum	212,140	252,869	162,066
Steel	263,572	237,620	234,456
Segment identifiable assets	$822,070	$803,468	$579,190
General corporate assets	239,189	95,306	181,280
Total assets	$1,061,259	$898,774	$760,470

The operating profit of each segment is as follows:

Segment identifiable assets are tho

Rio Algom's foreign operations are conducted by

16. Related Party Transact

Supplementary Information

Quarterly Financial Data

The quarterly revenue, gross profit, net earnings and earnings per share as previously reported in unaudited quarterly reports to shareholders are set forth in the following table (dollars in millions, except per share amounts):

Notes:

(i) On January 30, 1980 Rio Algom Limited amalgamated with Preston Mines Limited to continue operations as "Rio Algom Limited". The above data for 1971 to 1979 inclusive have been restated to reflect the data of the amalgamated corporation.

Ten Year Review[i]

	1980[ii]	1979[ii]
Earnings (millions of dollars)		
Revenue	$ 847.5	$710.7
Investment and other income	20.3	7.5
	867.8	718.2
Cost of mine production and steel sales	568.7	433.5
Selling, general and administration	63.3	47.1
Interest expense (note 2)	12.5	11.7
Depreciation and amortization	51.0	38.1
Exploration	10.7	9.1
	706.2	539.5
Earnings before taxes and minority interests	161.6	178.7
Income and mining taxes	63.3	84.6
	98.3	94.1
Minority interests in net earnings of subsidiaries	20.8	18.4
Net earnings	$ 77.5	$ 75.7
Production Data (millions except steel)		
Uranium concentrate (pounds)	7.9	5.5
Copper concentrate (pounds)	126.3	134.2
Molybdenum in concentrate (pounds)	4.8	4.4
Steel (thousands of tons)	180	193
Financial Data (millions of dollars except per share data)		
Per share of common stock		
— Net earnings	$ 5.20	$ 5.02
— Dividends	1.50	1.50
— Equity	31.50	27.82
Working capital	285.2	221.3
Plant and equipment	347.2	347.5
Total assets	1,061.3	898.8
— Return on average total assets	7.91%	9.34%
Redeemable preference shares	48.7	53.0
Long term debt	105.5	93.1
Advances from Ontario Hydro	82.7	28.6
Capital expenditures	182.2	121.0

(ii) As explained in Rio Algom's accounting policies the accounts of the United States subsidiaries are not included in the above data for 1979 and earnings of those subsidiaries amounting to $3,520,000 for that year have been included in the net earnings for 1980.

(iii) (a) The Lornex copper mine and Lisbon (U.S.) uranium mine commenced operations October 1, 1972;
(b) The Anglo-Rouyn copper mine ceased operations Aug. 16, 1972;
(c) The Poirier copper mine ceased operations June 27, 1975.

1978	1977	1976	1975	1974	1973	1972	1971
	$486.6	$401.6	$367.4	$390.6	$314.9		

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

arrangements for the Stanleigh Project are expected to provide sufficient funds to finance capital expenditure,

Liquidity and Capital Resources

Working capital increased by $63.9 million during 1980

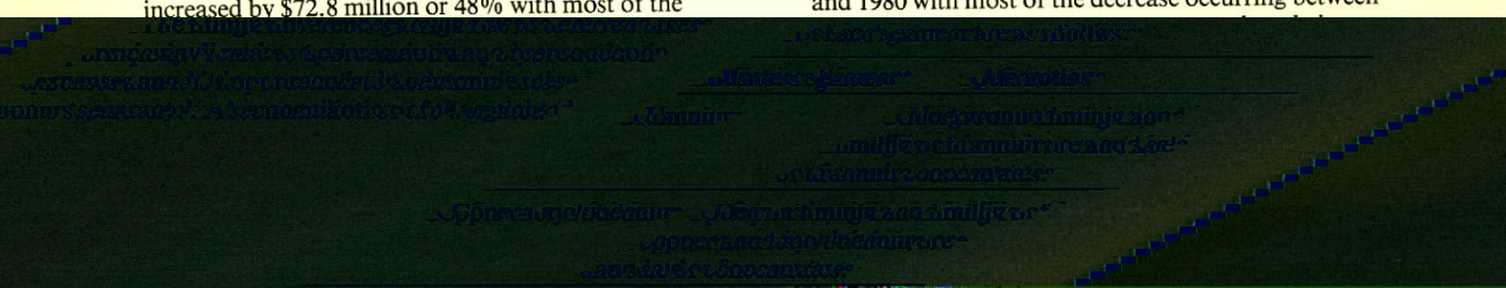
dividend and working capital requirements currently anticipated in 1981

Revenue

Between 1978 and 1980 revenue from uranium operations increased by $72.8 million or 48% with most of the

Segment operating profits

Uranium operating profits declined steadily between 1978 and 1980 with most of the decrease occurring between

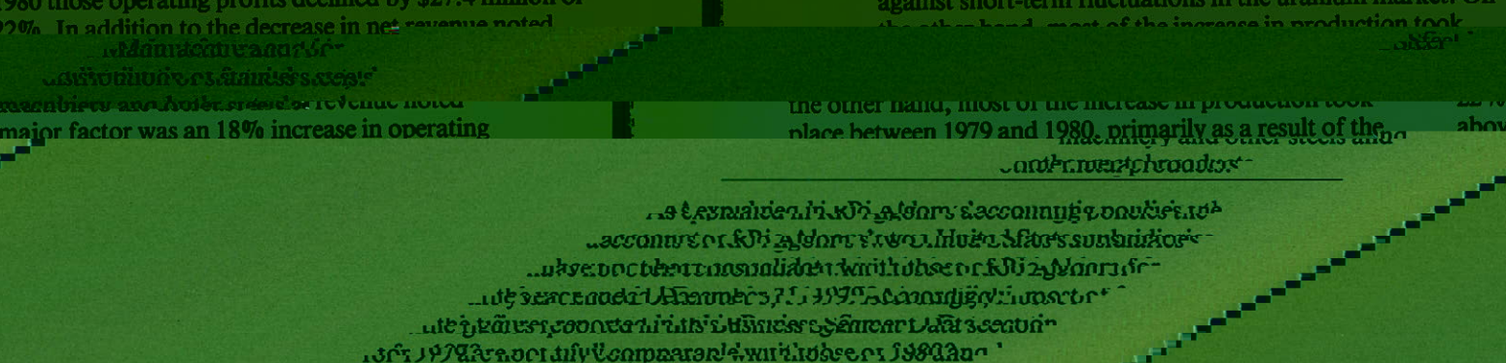


979 and 1980. The latter decrease arose largely in connection with problems during the start-up of the Panel operation at Elliot Lake, and increased amortization charges.

Copper-molybdenum operating profits were more than four times as high in 1979 as they were in 1978, primarily because of the substantial increase in net revenue from mine production referred to above. Between 1979 and 1980 those operating profits declined by $27.4 million or 22%. In addition to the decrease in net revenue noted

major factor was an 18% increase in operating

increase occurring between 1979 and 1980. Of the aforementioned increase of $72.8 million 35% is attributable to increased prices and 65% to higher production. The increase in revenue prices occurred primarily between 1978 and 1979 with 1980 prices realized remaining about equal to those of 1979 in spite of the currently depressed state of uranium markets; terms of certain long-term contracts insulate the Corporation against short-term fluctuations in the uranium market. On the other hand, most of the increase in production took place between 1979 and 1980, primarily as a result of the



Panel mine commencing commercial operations in November, 1979. As noted above the 1979 financial results are not fully comparable with those of 1980 and 1978 because of the exclusion of a U.S. subsidiary.

Net revenue from production at the Lornex copper-molybdenum mine increased by $102.5 million or 116% between 1978 and 1979, almost entirely due to improved prices for molybdenum and copper, including higher foreign exchange gains. Between 1979 and 1980 net

expenses which was largely due to a wage contract settlement in mid-1980 and higher costs for fuel, powe grinding media and mill liners.

Steel operating profits increased by $16.6 million or 51% between 1978 and 1980; as noted above the 1979 results are not comparable with those of the other two years. In addition to the increased revenue noted abov the increase in 1980 operating profits as compared to 1 was largely attributable to the high level of efficiency

on and Changing Prices

ining operations the major impact of 980 was on operating costs, particularly in extent those effects were ameliorated

Impact of Infl

At the uraniu inflation durir labour. To a c

by the fact that a significant part of production was for contracts which contain escalation clauses to cover increasing costs.

At Lornex inflation had a minimum effect on revenue in 1980 as realization prices are based on world market prices for copper and molybdenum and those prices by no means kept pace with inflation. In addition operating costs rose more than average inflation rates, partly due to increased labour costs arising from the new wage contract effective from mid-1980.

At Atlas Steels' manufacturing plants inflation had a significant favourable impact on the Tracy plant because the costs of inventories processed in early 1980 were at pre-

Rio Algom Limited

Operations

Canada

Mining
Head Office: Toronto, Ontario
Uranium Operations:
Panel, Quirke and Stanleigh mines at Elliot Lake, Ontario
Copper-molybdenum Operations:
Lornex Mining Corporation Ltd., Vancouver, B.C.
Lornex mine at Logan Lake, B.C.

Exploration
Rio Tinto Canadian Exploration Limited (Riocanex)
Head Office: Toronto, Ontario
Eastern Canada Office: Toronto, Ontario
Western Canada Office: Vancouver, B.C.
District Offices: Fredericton, St. John's, Quebec City, Thunder Bay and Whitehorse

Steel
Atlas Steels
Head Office: Welland, Ontario
Plants: Welland, Ontario and Tracy, Quebec

Metals Distribution
Atlas Alloys
Head Office: Etobicoke, Ontario
Service Centres: Etobicoke, Montreal, St. John, Windsor, Sarnia, Sudbury, Thunder Bay, Winnipeg, Saskatoon, Edmonton, Calgary, Vancouver and Prince George

United States

Mining
Rio Algom Corporation
Registered Office: Wilmington, Delaware
Uranium Operations:
Lisbon mine at Moab, Utah

Metals Distribution
Atlas Alloys Inc.
Head Office: Valley View, Ohio
Service Centres: Valley View, Ohio; Detroit, Michigan;

Corporate Information

Head Office
120 Adelaide Street West, Toronto, Ontario, Canada M5H 1W5

Auditors
Coopers & Lybrand, Chartered Accountants, Toronto

Registrars and Transfer Agents
Common Shares
Canada Permanent Trust Company, Toronto, Montreal, Winnipeg, Regina, Calgary, Vancouver
The Canadian Bank of Commerce Trust Company, Halifax, Winnipeg, and Vancouver

First and Second Preference Shares
Canada Permanent Trust Company, Toronto, Montreal

Shares Listed
Common Shares
Toronto Stock Exchange
Montreal Stock Exchange, Montreal

First and Second Preference Shares
Toronto Stock Exchange

Form 10-K Annual Report
Rio Algom's Form 10-K annual report for 1980 to the United States Securities and Exchange Commission will be available to shareholders on written request to the Secretary of the Corporation.

During the last three years the following products contributed to consolidated revenues in the percentages shown:

	Year Ended December 31		
	1980	1979	1978
Uranium	27%	22%	27%
Copper-molybdenum	27	27	15
Stainless steels	23	23	20
Machinery steels	9	12	12
Other products	21	19	26
	100%	100%	100%

Net capital expenditures of each segment including capitalized interest are as follows:

	Year Ended December 31		
	1980	1979	1978
		(note 2)	(note 2)
		(in thousands)	
Uranium[a]	$ 10,530	$ 69,736	$ 77,283
Copper-molybdenum[a]	95,814	8,657	4,427
Steel[a]	11,829	7,418	4,571
Segment capital expenditures	127,173	85,811	86,281
Stanleigh uranium project[a]	34,914	2,966	5
General corporate capital expenditures	269	48	5
Total capital expenditures (net)	$120,994	$ 89,295	$ 90

(a) Includes expenditures on construction in progress.

Rio Algom Limited

Directors

G. R. Albino[1][3][4]
President and Chief Operating Officer of the Corporation, Toronto

R. D. Armstrong[1][3][4][6]
Chairman and Chief Executive Officer of the Corporation, Toronto

J. Ian Crookston[2][6]
Financial Consultant, Toronto

J. G. Edison, QC[1][2][4][6]
Counsel to Aird & Berlis, Barristers & Solicitors, Toronto

A. G. Frame[1][4]
Joint Deputy Chairman and Chief Executive, The Rio Tinto-Zinc Corporation Limited, London, England[5]

G. C. Gray[1][2][4]
Chairman and Chief Executive Officer, A. E. LePage Limited, Realtors, Toronto

R. S. Hurlbut[2][3]
Chairman and President, General Foods Limited, manufacturer of packaged grocery products, Toronto

D. S. R. Leighton[3]
Director, The Banff Centre for Continuing Education, Banff, Alberta

W. Moodie[2][4]
Consultant, Sutton West, Ontario

Sir Anthony Tuke
Chairman, The Rio Tinto-Zinc Corporation Limited, London, England[5]

R. J. Turner[1][3]
President and Chief Executive Officer, Genstar Limited, a diversified Canadian company, Montreal

1. Member of the Executive
2. Member of the Audit Com
3. Member of the Compensa Committee.
4. Member of the Nominatin
5. The parent of an international group of mining and industrial companies.
6. Retiring from the Board.

Officers

Executive
R. D. Armstrong
Chairman and Chief Executive Officer

G. R. Albino
President and Chief Operating Officer

Corporate
S. B. Kerr
Senior Vice-President, Finance

R. G. Connochie
Vice-President and Executive Assistant to the President

J. G. Littlejohn
Vice-President, General Counsel

A. F. Lowell
Vice-President, Minerals Marketing

H. A. Pakrul
Vice-President

A. C. Turner
Vice-President, Secretary

J. Van Netten
Vice-President, Marketing

J. B. Dunn
Vice-President, Controller

W. I. Pollock
Vice-President, Treasurer

J. D. French
Controller

Mining
P. A. Carloss
Vice-President, General Manager, Elliot Lake

P. M. Kavanagh
Vice-President, Exploration

J. E. Moyle
Vice-President, Mining Engineering

J. H. Brien
Vice-President, Engineering

G. N. Feucht
Vice-President, Manufacturing

C. E. Ohlson
Vice-President, Sales and Marketing

G. L. Sandler
Vice-President, Finance

Atlas Alloys
W. D. Dobbin
Vice-President, General Manager

Atlas Steels
A. V. Orr
Vice-President, General Manager

H. LeBrian

excluding the United States of America); domestic divisions make export sales in various parts of the world. Details of foreign and domestic revenue are as follows:

Year Ended December 31	1980	1979	1978
		(in thousands)	
Domestic operations (Canada)[a][b]	$744,605	$668,827	$489,326
Foreign operations — United States			
Kingdom and Mexico	102,886	41,902	86,729
Consolidated revenue	$847,491	$710,729	$576,055

(a) Includes export revenue from sales to unaffiliated

During the year ended December
Corporation participated in the f
with related parties:
(a) A dividend totalling $2.9 mill
affiliated corporation and is inclu
other income. That affiliated cor
balances of U.S. $4.4 million in outstanding loans and
million South African rands in advances;
(b) An indirect wholly-owned subsidiary of The Rio
Tinto-Zinc Corporation Limited, the beneficial owner
52.76% of the Corporation's common shares, received
consultative fee of $300,000 from the Corporation; and
(c) The Co
which a no
been a senior partner during the year. Payn
services, representing legal fees and disburs
totalled less than $100,000.